



Irish Life Weekly Investment Bulletin

The week that was – WEEK 03 (ending 20/01/2017)

“It is always the simple that produces the marvellous.” - Amelia Barr

Irish inflation in December moves back to zero after previous deflation – According to new figures released by the Central Statistics Office (CSO), the annual inflation rate came in at zero in December, as against -0.1% in November and -0.3% in October after rises in petrol, diesel and home-heating oil prices.

IMF predicts higher U.S. growth – The International Monetary Fund has revised upwards its growth forecast for U.S. economy to 2.3% this year (an increase of 0.1%) and 2.5% in 2018 (an increase of 0.4%) but their global growth outlook forecast remained steady from previous estimates at 3.4% this year and 3.6% for 2018.

Global stock market down 0.4% on the week – The very positive run in global equities came to a halt during the week as the MSCI AC World TR Index was down 0.44% from 13th January to 20th January as markets responded to ‘America First’ signal from the incoming U.S. administration while awaiting clearer policy details.

No change in ECB monetary policy – The European Central Bank left its monetary policy unchanged at its Governing Council meeting but President Mario Draghi said the ECB is ready to increase the size of its quantitative easing program, despite the recent increase in European inflation measures, if needed.

Trump and May go on the offensive – In his inaugural address, President Donald Trump pledged that every decision, whether on trade, taxes or immigration, will be made to benefit American workers and families while U.K. Prime Minister Theresa May expects the U.K. to leave both the EU’s single market and customs union.

China’s President warns on protectionism and trade war risks – Being the first Chinese head of state to address the annual World Economic Forum, taking place in Davos, Switzerland, President Xi Jinping attacked protectionism and said that failures of governance, not globalization, were fueling anxiety around the globe.

The Story of the week: It was a tough challenge to steal the limelight at President Donald Trump’s inauguration as 45th U.S. President but several tried including the teenager Barron Trump who looked very embarrassed as his mum tried to hold his hand and John McCain / Bernie Sanders photobombing Cory Gardner. However the clear winner was the 43rd President - George W Bush – who wrestled very unsuccessfully and hilariously with his poncho when the rain came down. It stole the show according to most viewers. It was suggested that people should look at the video clip if they’re having a very tough day, both to cheer themselves up and for some major reassurance that we all have them.

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Index Performances and Market Data*

Equity Markets % (in Local Currency)	2012	2013	2014	2015	2016	2017 YTD (to 20/01)
ISEQ Overall Return	20.5	35.8	16.8	33.6	-2.7	1.6
FTSE 100 TR	10.0	18.7	0.7	-1.3	19.1	0.9
Euro Stoxx 50 TR	18.1	21.5	4.0	6.4	3.7	0.3
S&P 500 TR	16.0	32.4	13.7	1.4	12.0	1.5
Nasdaq Composite	15.9	38.3	13.4	5.7	7.5	3.2
Nikkei 225	22.9	56.7	7.1	9.1	0.4	0.1
MSCI Emerging Markets	13.9	0.9	2.6	-8.0	7.1	2.7
MSCI AC World (Gross TR)	16.5	26.2	9.9	1.8	9.7	1.6
Sovereign 10yr Bond Yields (%)	2012	2013	2014	2015	2016	2017 YTD
U.S.	1.7	3.0	2.2	2.2	2.4	2.5
German	1.4	1.9	0.5	0.6	0.2	0.4
UK	1.9	3.0	1.9	1.9	1.2	1.4
Japan	0.7	0.7	0.3	0.2	0.0	0.0
Ireland	4.5	3.4	1.3	1.1	0.7	1.0
Italy	4.6	4.1	2.1	1.6	1.8	2.0
Greece	12.7	8.2	9.6	7.9	7.1	6.9
Portugal	6.9	6.1	2.7	2.5	3.8	3.9
Spain	5.4	4.1	1.6	1.7	1.4	1.5
Central Bank Rates (%)	2012	2013	2014	2015	2016	2017 YTD
ECB	0.75	0.25	0.05	0.05	0.0	0.0
Bank of England	0.5	0.25	0.50	0.50	0.25	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.50	0.75	0.75
Foreign Exchange Rates	2012	2013	2014	2015	2016	2017 YTD
Euro/Dollar (€/€)	1.31	1.37	1.21	1.09	1.04	1.06
Euro/Sterling (€/£)	0.81	0.83	0.78	0.75	0.84	0.84
Sterling/Dollar (£/\$)	1.61	1.65	1.56	1.46	1.24	1.24
IPD All Property Return (%)	2011	2012	2013	2014	2015	2016
Ireland	-2.4	3.1	12.7	40.1	25.0	8.5 (to end of Q3)
U.K.	8.1	2.7	10.7	17.8	13.1	1.3 (to end of Q3)
U.S.	14.5	5.3	11.4	11.2	12.1	5.9 (to end of Q3)

*Past performance is not a reliable guide to future performance